PUBLIC SERVICE COMMISSION

Budget Summary

Fund	2014-15 Base Year Doubled	2015-17 Governor	2015-17 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
FED	$692,400	$4,688,400	$4,688,400	$0	0.0%	$3,996,000	577.1%
PR	35,579,400	37,023,800	33,696,800	- 3,327,000	- 9.0	- 1,882,600	- 5.3
SEG	13,064,400	19,039,200	16,039,200	- 3,000,000	- 15.8	2,974,800	22.8
TOTAL	$49,336,200	$60,751,400	$54,424,400	- $6,327,000	- 10.4%	$5,088,200	10.3%

FTE Position Summary

Fund	2014-15 Base	2016-17 Governor	2016-17 Jt. Finance	Joint Finance Change to: Governor	Joint Finance Change to: 2014-15 Base
FED	1.00	7.00	7.00	0.00	6.00
PR	141.00	126.25	138.00	11.75	- 3.00
SEG	4.00	3.00	4.00	1.00	0.00
TOTAL	146.00	136.25	149.00	12.75	3.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

FED	- $81,200
PR	701,000
SEG	- 25,200
Total	$594,600

Governor/Joint Finance: Provide standard budget adjustments totaling -$40,600 FED annually, $345,200 PR in 2015-16 and $355,800 PR in 2016-17, and -$12,600 SEG annually. Adjustments are for: (a) turnover reduction (-$260,900 PR annually); (b) full funding of continuing position salaries and fringe benefits (-$43,500 FED, $582,500 PR, and -$12,600 SEG annually); and (c) full funding of lease and directed move costs ($2,900 FED annually and $23,600 PR in 2015-16 and $34,200 PR in 2016-17).

2. FUNDING FOR BROADBAND EXPANSION GRANTS FROM THE UNIVERSAL SERVICE FUND (USF) [LFB Paper 545]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	$6,000,000	- $3,000,000	$3,000,000
PR	0	- 1,000,000	- 1,000,000
Total	$6,000,000	- $4,000,000	$2,000,000
GPR-REV	$0	$3,347,400	$3,347,400

Governor: Modify the current law appropriation for making broadband expansion grants by renumbering the appropriation and changing it from a continuing appropriation to a biennial appropriation. Authorize the use of universal service fund revenues for making broadband expansion grants, and create a continuing SEG appropriation for making broadband expansion grants with universal service fund revenues. Set the amounts in the appropriation at $6,000,000 in 2015-16 and $0 beginning in 2016-17. Further, create a SEG appropriation to receive universal service fund revenues and require the unencumbered balance on June 30 of each year to be transferred from each of the following appropriation accounts to this new appropriation: (a) universal telecommunications service (PSC); (b) periodical and reference information databases; Newsline for the blind (DPI); (c) library service contracts (DPI); (e) telecommunications access (DOA); and (f) educational agencies telecommunications services (UW System - this transfer would occur only in 2015-16 since the appropriation would be eliminated in 2016-17 as part of the proposed UW System re-structuring). Although no estimate of revenues is included in the bill, administration officials indicate they expect approximately $6.0 million would be transferred for PSC broadband grants in the initial year.

The broadband expansion grant program was created by 2013 Wisconsin Act 20 and funded by transferring $4.3 million from DOA's appropriation for information technology and communications services to nonstate entities. From those revenues, the PSC is authorized to make grants of up to $500,000 annually from a continuing appropriation. The bill would change that appropriation to a biennial appropriation and grants would continue to be made until the $4.3 million is depleted. The bill would provide $6.0 million from the balance of the USF in 2015-16 only, and create an ongoing funding source for the grants by transferring the unencumbered balances at the end of each fiscal year from each of the existing appropriations currently funded with USF revenues. The unencumbered balances, currently estimated at $6.0 million initially, would be transferred at the end of each fiscal year and be available for PSC broadband grants beginning in the following fiscal year.

USF programs are funded through PSC assessments on companies providing retail intrastate voice telecommunications services. Assessments are limited to revenues from services that either originate or terminate in Wisconsin. Providers pay monthly assessments based on an assessment rate that the PSC adjusts annually.

Joint Finance: Modify the Governor's proposal for making broadband expansion grants as follows: (a) remove the Governor's proposal to renumber the current law PR appropriation for making broadband expansion grants, and instead, repeal the appropriation on the effective date of the bill, thereby reducing expenditures by $500,000 PR annually, and transferring the unencumbered balance in the appropriation account, estimated at $3,347,400, to the General Fund; (b) approve the Governor's proposal to authorize the use of universal service fund revenues for making broadband expansion grants and to create a SEG appropriation for this purpose; (c) remove the Governor's proposal to set the amounts in the appropriation at $6,000,000 in 2015-16 and $0 beginning in 2016-17, and instead, authorize the expenditure of $1,500,000 SEG each year for grants and make a one-time transfer of $6,000,000 SEG from the unencumbered balance of the universal service fund; (d) delete the Governor's proposal to create a SEG appropriation to receive universal service fund revenues transferred from the year-end unencumbered balances from the various USF appropriation accounts to this new appropriation.

In addition, require the PSC to submit a report to the Joint Committee on Finance on causes of the unencumbered balance in the universal service fund and the changes that could be made to the procedures for setting the budgets for the various universal service fund programs and for establishing contribution rates for providers that would reduce the unencumbered balance in the future. Require the report to include a recommendation on the level of fund balance that is appropriate to accommodate timing imbalances between revenues and expenditures. Require the report to include an explanation of how unspent revenues in the fund's balance, in excess of any revenues needed to accommodate timing imbalances between revenues and expenditures, was incorporated into the contribution rates to be imposed on telecommunications providers in 2015-16. Require the report to be submitted to the Committee for its third quarterly meeting in 2015 (September) under s. 13.10 of the statutes. Prohibit the PSC from imposing any revisions to contribution rates in 2015-16 unless the report is approved by the Committee.

3. FUNDING FOR STATE BROADBAND OFFICE [LFB Paper 546]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
PR	$500,000	- $250,000	$250,000

Governor: Increase expenditure authority for the PSC's utility regulation appropriation by $250,000 PR annually to provide funding for the state broadband office. The administration indicates that the additional expenditure authority would be used to continue contracts with third party providers who maintain the state's broadband map and collect information from telecommunications providers related to broadband access and capacity. The utility regulation appropriation is funded with revenues from PSC assessments on investor-owned and municipally-owned public utilities. Consequently, there would be a corresponding increase in program revenues.

Joint Finance: Decrease the proposed increase in expenditure authority by $125,000 in each year of the 2015-17 biennium, and specify that the remaining funding ($125,000 each year) be one-time and not be included in the base year for purposes of developing the 2017-19 biennial budget.

4. CRITERIA FOR AWARDING BROADBAND EXPANSION GRANTS [LFB Paper 547]

Governor: Modify the criteria used by the PSC in prioritizing projects for the award of broadband expansion grants to include projects "that are scalable." Current law requires the PSC to give priority to projects that include matching funds, involve public-private partnerships, affect areas with no broadband providers, or affect a large geographic area or a large number of underserved individuals or communities. The administration states that the change would prioritize projects that are able to match future high capacity demands.

Joint Finance: Modify the proposal by defining scalable as the ability of a broadband network to maintain the quality of its service while increasing parameters relating to the size of the network, such as the number of users, the number of network nodes, the number of services provided, or the network's geographical spread.

5. TRANSFER RELOCATION ASSISTANCE AND STATE ENERGY OFFICE PROGRAMS FROM DOA TO THE PSC [LFB Paper 112]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
FED	$4,077,200	6.00	$0	0.00	$4,077,200	6.00
PR	177,800	1.00	- 177,800	- 1.00	0	0.00
Total	$4,255,000	7.00	- $177,800	- 1.00	$4,077,200	6.00

Governor: Transfer responsibility for administering the relocation assistance and state energy office programs from DOA to the PSC, as follows.

Relocation Assistance. Transfer 1.0 GPR position from DOA to the PSC, convert the position from GPR to PR funding, and provide funding of $88,900 PR annually for the relocation assistance program.

State Energy Office. Provide $2,038,600 FED annually and 6.0 FED positions to be transferred from DOA to the PSC. While the state budget system reflects the transfer of 6.0 FED positions to the PSC from the DOA State Energy Office, the bill would specify that only 5.0 incumbents be transferred. DOA has indicated that it intends to submit an "Errata" to reduce the number of transferred State Energy Office positions in the budget system to 5.0.

General Provisions. Relative to the transferred programs, specify that, as determined by DOA, any related assets, liabilities, and tangible personal property are also transferred from DOA to the PSC, that any matters pending with DOA remain pending with the PSC, that any contracts entered into by DOA remain in effect with the PSC, and that any promulgated rules and orders made by DOA remain in effect until their expiration or until they are modified, rescinded, or repealed by the PSC. Specify that six incumbent DOA employees holding the transferred positions, as determined by the DOA Secretary, are also transferred to the PSC and that those employees have all the rights and the same status under the state employment relations statute as prior to their transfer. Specify that no transferred employee who has attained permanent status would be required to serve a probationary period.

Joint Finance: Modify the proposal to maintain the relocation assistance program and 1.0 GPR position at DOA. [See "Administration -- Transfers."]

6. PROVISION OF INFORMATION TECHNOLOGY SERVICES BY DEPARTMENT OF ADMINISTRATION [LFB Paper 110]

	Governor (Chg. to Base) Positions	Jt. Finance (Chg. to Gov) Positions	Net Change Positions
PR	- 9.00	9.00	0.00
SEG	- 1.00	1.00	0.00
Total	- 10.00	10.00	0.00

Governor: Require that all information technology services for the PSC be provided by the Department of Administration (DOA).

Delete 10.0 positions from the following appropriations of the PSC, to transfer responsibility for all information technology services to DOA: (a) utility regulation (9.0 PR positions); and (b) energy efficiency and renewable resource programs (1.0 SEG position). Funding associated with the positions ($876,800 PR and $94,100 SEG annually) would not be reduced, but rather reallocated to supplies and services to pay charges by DOA for information technology services. The bill does not specify that incumbent employees would be transferred to DOA.

On the effective date of the bill, specify that the assets and liabilities of the PSC related to information technology, as determined by the Secretary of DOA, would become the assets and liabilities of DOA. In addition, on the effective date of the bill, specify that all tangible personal property, including records, relating to information technology would transfer to DOA. Further, all information technology contracts would remain in effect and would transfer to DOA.

Joint Finance: Delete provision. [See "Administration -- Transfers."]

7. TRANSFER FUNCTIONS AND DELETE POSITIONS FOR DOA SHARED AGENCY SERVICES [LFB Paper 111]

	Governor (Chg. to Base) Positions	Jt. Finance (Chg. to Gov) Positions	Net Change Positions
PR	- 3.00	3.00	0.00

Governor: Delete 3.0 positions from the PSC's utility regulation appropriation for a shared agency services pilot program under DOA. Funding for the positions ($219,000 annually) would not be reduced, but rather reallocated to supplies and services to pay shared agency services charges assessed by DOA. The bill does not specify that incumbent employees would be transferred to DOA.

Transfer the following functions to DOA under the pilot program: (a) human resources services; (b) payroll services; (c) finance services; (d) budget functions; and (e) procurement services. Under the bill, DOA would be authorized to assess agencies for services provided under the pilot program in accordance with a methodology determined by DOA.

Joint Finance: Delete provision. [See "Administration -- Transfers."]

8. ELIMINATE LONG-TERM VACANCIES [LFB Paper 548]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	$0	2.75	- $306,600	0.75	- $306,600	- 2.00

Governor: Delete 2.75 PR positions to reflect the elimination of long-term vacant positions under the bill. These positions have been vacant for 12 months or more. Two of the positions are funded under the utility regulation appropriation and include a policy initiatives advisor, vacant since May 3, 2013, and an attorney, vacant since August 28, 2011. The 0.75 position is funded under the railroad and water carrier regulation general operations appropriation (Office of the Commissioner of Railroads) and has been vacant since September 8, 2012.

Joint Finance: Modify the proposal by retaining the position authority for the 0.75 railroad safety analyst position under the Office of the Commissioner of Railroads. Approve the recommendation to eliminate the 2.0 PSC positions and, in addition, eliminate the funding associated with the positions ($153,300 PR annually).

9. CONSOLIDATION OF PUBLIC INFORMATION OFFICER AND LEGISLATIVE LIAISON FUNCTIONS

	Funding	Positions
PR	- $184,400	- 1.00

Governor/Joint Finance: Reduce the number of unclassified division administrator positions at the PSC from eight to seven and reduce PR funding related to the position by $92,200 annually. The administration indicates that the intent of this provision is to consolidate the duties of the public information officer and the legislation liaison positions into a single position. Under 2011 Wisconsin Act 10, a number of classified positions in various state agencies were transferred into the unclassified service to serve as division administrators. Also, Act 10 redefined "other managerial positions," including communications positions, legislative liaison positions, and attorney services positions, as administrators and moved these positions from the classified to the unclassified service.

10. WIND ENERGY HEALTH STUDY [LFB Paper 549]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
PR	$250,000	- $250,000	$0

Governor: Increase the PSC's utility regulation appropriation by $250,000 PR and require the PSC to allocate not more than $250,000 in 2015-16 to study health issues related to wind energy systems, as defined under current law. Permit the study to consider the surveys made by the Wind Siting Council, but specify that the study not replicate those surveys. Direct the Commission to submit its report to the Governor and to the Chief Clerks of the Senate and the Assembly, no later than the first day of the 13th month after the effective date of the biennial budget act. On October 31, 2014, the Wisconsin Wind Siting Council issued its report entitled, "Wind Turbine Siting - Health Review and Wind Siting Policy Update." The report is required under current law, and subsequent reports are required every five years. The report contains a survey of peer-reviewed literature "on the issue of wind energy systems and health."

Joint Finance: Delete the Governor's recommendation and instead require the PSC to conduct a review of studies conducted to ascertain the health effects of industrial wind turbines on people residing near turbine installations. If the review shows that there are substantially negative health effects on people living beyond the current 1,250 foot setback radius, the PSC may submit any necessary revisions to the existing administrative rules to the Legislative Council Rules Clearinghouse not later than six months after completion of the study.

11. LAPSE REQUIREMENT

Governor/Joint Finance: Specify that the 2013 Act 145 requirement that the PSC lapse $98,700 to the general fund from unencumbered balances of PR appropriations in 2015-16 also apply to 2016-17. (See "Budget Management and Compensation Reserves.")

12. INTERVENOR COMPENSATION

PR	- $1,342,600

Joint Finance: Modify the amounts paid under the intervenor financing and grants appropriation by repealing the authorization for grants to nonprofit corporations that have a history of advocating at the Commission on behalf of ratepayers and by reducing the compensation rate for consumer groups and consumer representatives from 100% of the cost of participating in a PSC hearing to 50% of that cost. Decrease expenditures from the appropriation by $671,300 PR annually.

13. DESIGNATION OF CHAIRPERSON OF THE COMMITTEE

Joint Finance: Specify that the chairperson of the PSC is a distinct appointment, and is different from that of a Commissioner. Upon expiration of the two-year term as chairperson, specify that the individual would resume his or her remaining term as a Commissioner. Specify that all current law provisions that apply to a Commissioner of the PSC related to financial interests and involvement in political activities also apply to the chairperson. Specify that these provisions apply to an individual serving as chairperson on the effective date of the bill.

14. REGULATION OF ALTERNATIVE TELECOMMUNICATIONS UTILITIES

Joint Finance: Remove the PSC's authority under current law to require alternative telecommunications utilities (ATUs) to: (1) obtain PSC approval before abandoning or discontinuing any line, extension, or service; (2) remove poles and certain other structures from a right-of-way, if the ATU abandons the right-of-way; or (3) dispose of any part of a right-of-way obtained by the ATU by condemnation, if the right-of-way is in a rural area and the ATU abandons the right-of-way. This provision would become effective on the general effective date of the biennial budget act.

15. DEFINITION OF ESSENTIAL TELECOMMUNICATIONS SERVICES

Joint Finance: Modify the current law provision that defines essential telecommunications services as "the services or functionalities listed in 47 CFR 54.101(a) as of January 1, 2010" by deleting the reference to January 1, 2010. Current state law requires certain telecommunications providers to make available to their customers all "essential telecommunications services," which are defined as services or functionalities listed in a regulation of the Federal Communications Commission (FCC) as of January 1, 2010. The requirement applies to a telecommunications provider that is designated under federal law as a telecommunications carrier eligible to receive support from the federal universal service fund. By eliminating the reference to January 1, 2010, the definition of "essential telecommunications services" incorporates any changes that the FCC has made or will make to its regulation after January 1, 2010.

16. TELECOMMUNICATIONS PRIVACY COUNCIL

Joint Finance: Eliminate the Telecommunications Privacy Council based on its identification by the Department of Administration as an inactive board, council, or commission.

17. CONDEMNATION AUTHORITY FOR OIL PIPELINE COMPANIES

Joint Finance: Delete the reference to "corporation" and substitute "business entity" in the current law provision which conveys the authority to condemn real estate and personal property to corporations that transmit oil or related products in pipelines in Wisconsin and that maintain terminal or product delivery facilities in Wisconsin, subject to the approval of the PSC upon a finding that the proposed real estate interests sought to be acquired are in the public interest. Include a reference to a business entity having condemnation authority in the current law provision concerning Building Commission approval of privately owned or operated facilities on state-owned land, and replace references to "corporation" with references to "business entity" under the current law provision concerning rights of abutting land owners.